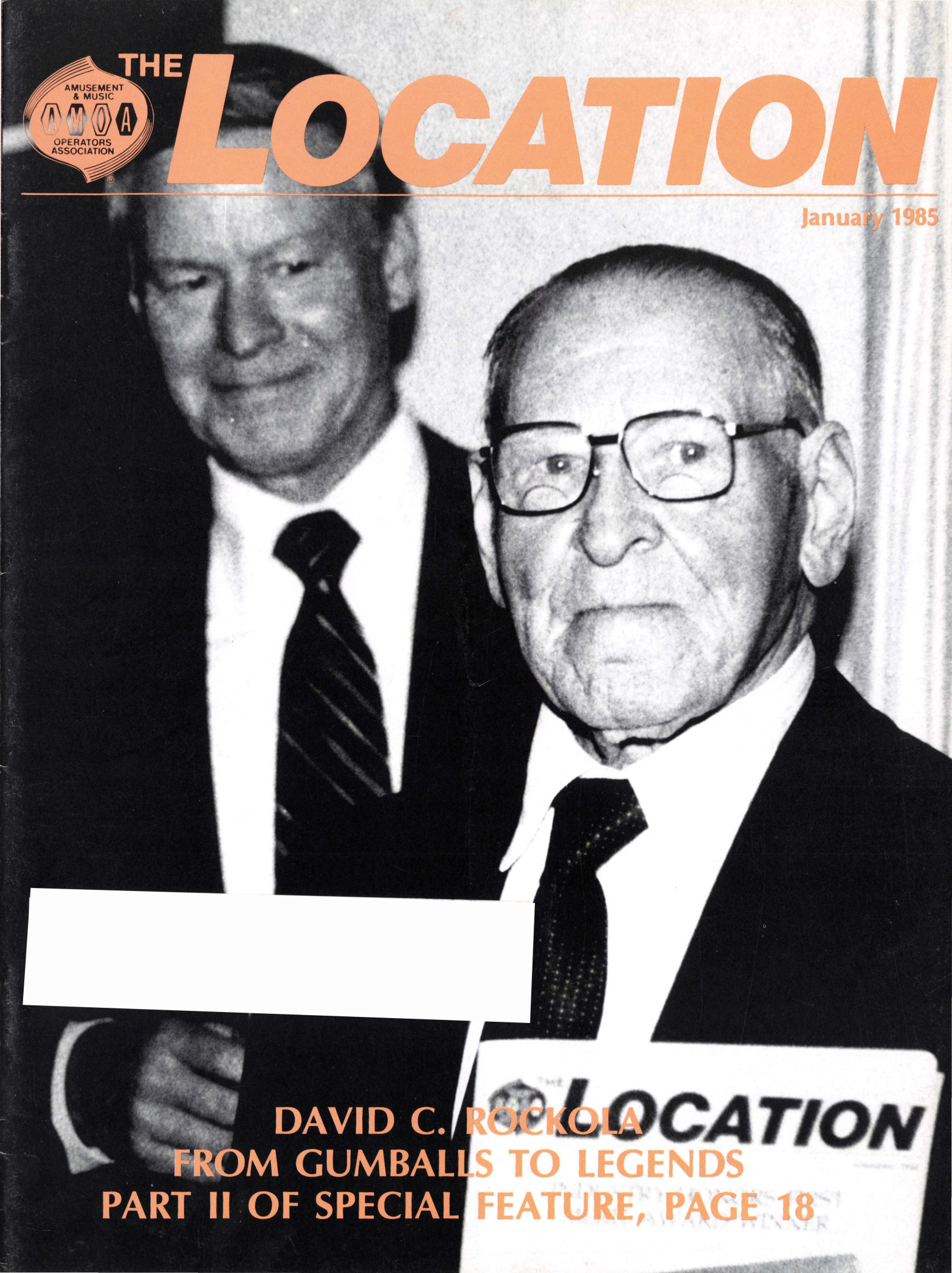
AMUSEMENT & MUSIC OPERATORS ASSOCIATION

THE LOCATION

January 1985



DAVID C. ROCKOLA
FROM GUMBALLS TO LEGENDS
PART II OF SPECIAL FEATURE, PAGE 18

WHY THE LOCATION?

As the official voice of the Amusement and Music Operators Association, THE LOCATION is a magazine operators identify with, consult, and save. A majority of the readers are owner operators from all parts of the United States, Canada and 22 other foreign countries and territories. The editorial content of THE LOCATION is devoted entirely to industry information and issues. Peer written and reviewed, THE LOCATION provides an up-to-date forum of practical, thought-provoking articles designed to meet the membership's needs for relevant information.

THE LOCATION seeks to foster knowledge of the coin-op amusement profession through the publication of survey results, technical articles, research, and timely news.

AMOA operator members are the most powerful block of buyers in this industry—controlling well over half of all videogame equipment as well as over 500,000* additional pieces of coin-op equipment.*

We hope you enjoy THE LOCATION and find its articles useful.

*Bernstein Research—The Video Game Industry—
A Strategic Analysis.

January 1985, Volume 21 Number 1

ISSN-0747-3060

THE LOCATION

AMUSEMENT & MUSIC AMOA OPERATORS ASSOCIATION

The official publication of the Amusement and Music Operators Association.

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The LOCATION is published monthly by the Amusement and Music Operators Association, 2000 Spring Road, Suite 220, Oak Brook, IL 60521. Subscription fees of $15 per year for 12 issues are included in the membership dues.

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Second Class Postage Paid at Oak Brook, IL 60521 and at Additional Entry Offices.
USPS 717-990

POSTMASTER: Send address changes to THE LOCATION, 2000 Spring Road, Suite 220, Oak Brook, Illinois 60521.

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Mailing Information:
Advertisers: Send ad contracts, insertion orders and mechanicals to:

THE LOCATION/AMOA
Advertising Department
Executive Management Services, Inc.
P.O. Box 13089
Tallahassee, FL 32317
(904) 878-3134
ISSN-0747-3060

Courier Service Address:
Executive Management Services, Inc.
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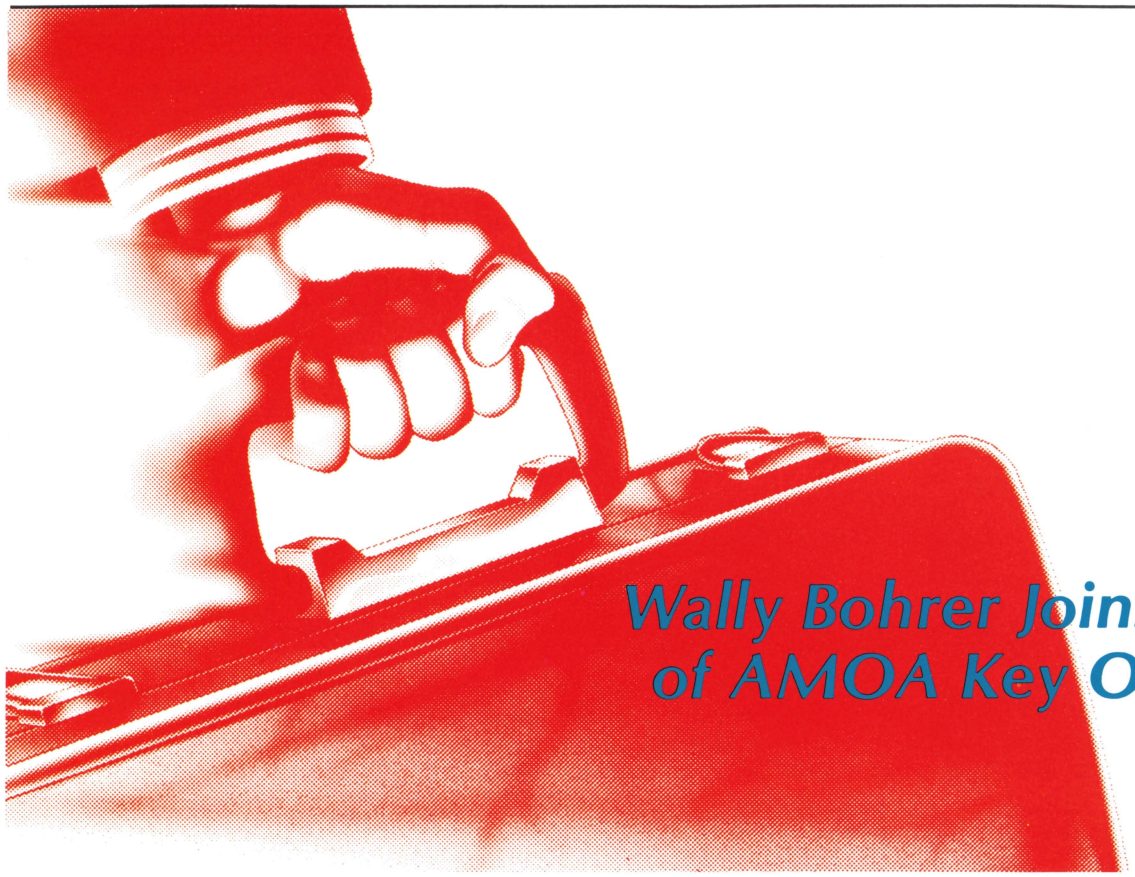
AMOA ON THE MOVE



Wally Bohrer Joins Ranks of AMOA Key Officers

Walter Bohrer, Jr., President of Hastings Distributing Company, Milwaukee, Wisconsin, has been appointed Treasurer of the Amusement and Music Operators Association during its 35th Annual 1984 INTERNATIONAL EXPOSITION of GAMES and MUSIC, held October 24-27, at the Hyatt Regency Hotel in Chicago.

In 1969, "Wally" purchased the 37 year-old Hastings Distributing Company and began to broaden Hastings' base of activity. Through Wally's business and industry expertise, a steady and impressive financial growth record for the company emerged. After several moves due to expansion needs, Hastings Distributing has settled into a 135,000 square foot building in Milwaukee. Although the firm has branched out into other areas of endeavor, the heart of its operation is still its coin machine division, for which Wally directly oversees.

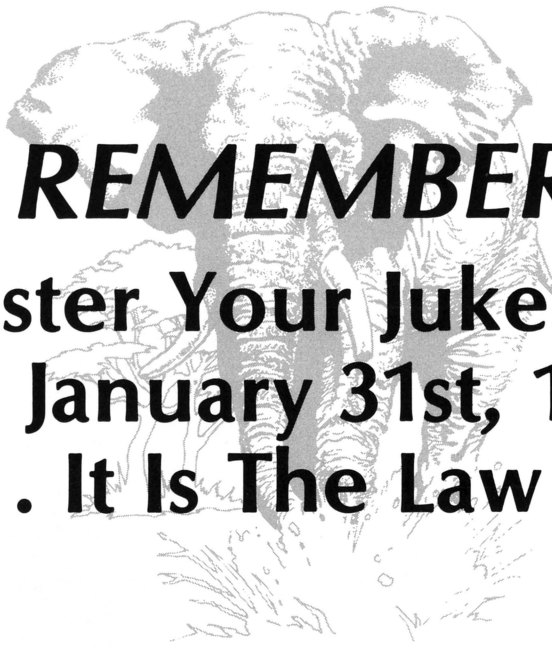
Wally is a highly dedicated association member, committing himself freely to the betterment of AMOA. The Association has benefitted from Wally's involvement on the various committees he has chaired, such as: Membership, Exhibit and State Association, for which he was the first Chairman when the committee was formed.

Locally, Wally strongly dedicates himself to the Wisconsin Amusement and Music Operators Association and the Milwaukee Music Operators Association, and is a Past President of both associations.

Other than his industry affiliations, Wally is a member of the Independent Business Association of Wisconsin, the Council of Independent Managers, the Milwaukee Chamber of Commerce, The Better Business Bureau and the Society for the Advancement of Management.

Mr. Bohrer and his wife, Patricia, have eight children—David, Mike, Christine, Danny, Dennis, Debra, Duwayne and Denise.■

AMOA ON THE MOVE



REMEMBER

Register Your Jukeboxes By January 31st, 1985 .... It Is The Law ....

FROM CAPITOL HILL

To All AMOA Members

You will be receiving your jukebox registration forms from the licensing division of the copyright office. If you have not received yours, contact AMOA at: 2000 Spring Rd., Suite 220, Oak Brook, IL., 60521; (312) 654-2662, or contact: The Licensing Division: Copyright Office, Washington, D.C., 20057; (202) 287-8130.

California Supreme Court Recognizes New Tort In Breach-Of-Contract Cases

A party that breaches a commercial contract and seeks to avoid liability by denying, in bad faith, that the contract exists, may be subject to tort liability for that denial, the California Supreme Court declares. Although the court appears to create a new tort, it skirts the issue of whether a breach of the implied convenant of good faith and fair dealing in every commercial contract gives rise per se to a tort cause of action. (Seaman's Direct Buying Service, Inc. V. Standard Oil Co. of California, 8/30/84)

The court previously had held that a breach of the covenant of good faith and fair dealing by an insurance carrier may give rise to a cause of action in tort as well as in contract, but had emphasized the "special relationship" between the insurer and insured. In the context of the ordinary commercial contract, however, parties of roughly equal bargaining power are free to shape the contours of their agreement. They may not be permitted to disclaim the covenant of good faith, but are free, within reasonable limits, to agree upon the standards by which application of the covenant is measured, the court explains. In such contracts, it may be difficult to distinguish between breach of the convenant and breach of the contract, and there is the risk that interjecting tort remedies will intrude upon the expectations of the parties.

The court finds it unnecessary to decide here whether the breach of the covenant always gives rise to an action in tort. "It is sufficient to recognize that a party to a contract may incur tort remedies when, in addition to breaching the contract, it seeks to shield itself from liability by denying, in bad faith and without probable cause, that the contract exists." Such conduct "goes beyond the mere breach of contract" and "offends accepted notions of business ethics," the court says. Acceptance of tort remedies in such a situation is not likely to intrude upon the bargaining relationship or upset reasonable expectations of the parties, the court concludes. ■

Konami Purchases Interlogic

Kagemas Kozuki, President of Konami Industry Co., Ltd., one of Japan's largest and foremost software manufacturers, recently announced that an agreement had been reached with Ben Har-El, former owner and President of Interlogic, Inc. for the purchase of Interlogic, Inc. As part of the purchase agreement, Konami will close its office in Torrence, California and relocate to Elk Grove Village, a suburb of Chicago.

Ben Har-El, will assume the position of President with Konami and Frank P. Bindra, former Vice President, will continue in his capacity as Vice President of Konami, Inc.

"To be afforded this opportunity is truly a great honor. All of us here in Illinois are extremely proud to become part of the Konami family and have committed ourselves one thousand percent to carry on the tradition of excellence and quality that Konami has built." said Har-El.

Konami and Interlogic have had a long-standing, hand-in-hand relationship for the past several years. Together they have brought the industry games such as: 'Mega Zone', 'Roc 'n Rope' and 'Pandora's Palace'.

"Ken Ichiki has done a fantastic job in promoting the Konami name in the States. This joining of forces will have a tremendous impact within the industry. Consolidating two separate entities and being located in the heartland, Chicago, will enable us to continue to bring more and even better games to the market." said Har-El.

All correspondence and questions should be directed to Frank P. Bundra, Vice President of Konami, 1555 Brummel, Elk Grove Village, IL., 60007, (312) 346-6633.■

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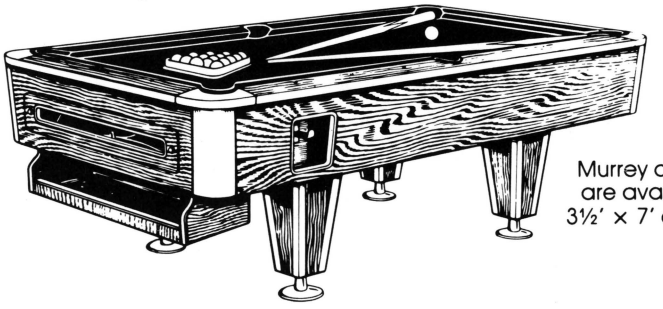

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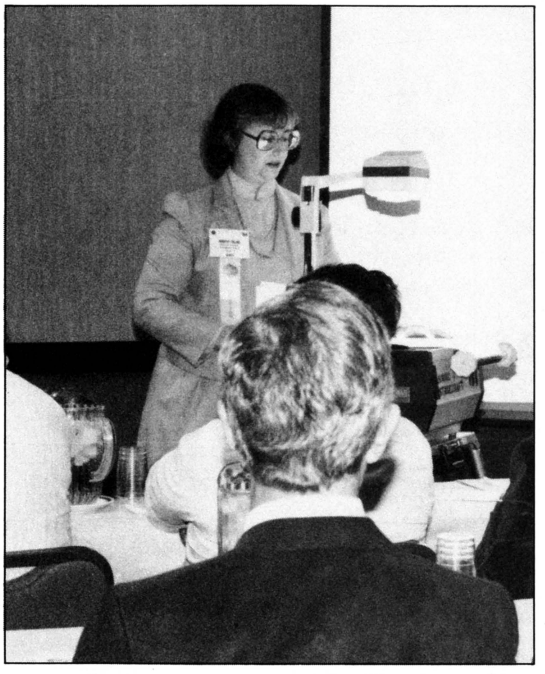
Education Seminars Draw Heavy Crowds

This year offered a four-tiered approach to education that was pioneered in 1982 and carried two steps further with a series of seminars, workshops and education programs that challenged and informed attendees. Whether owner, manager, new operator or technical expert, there was a session available to suit all needs.

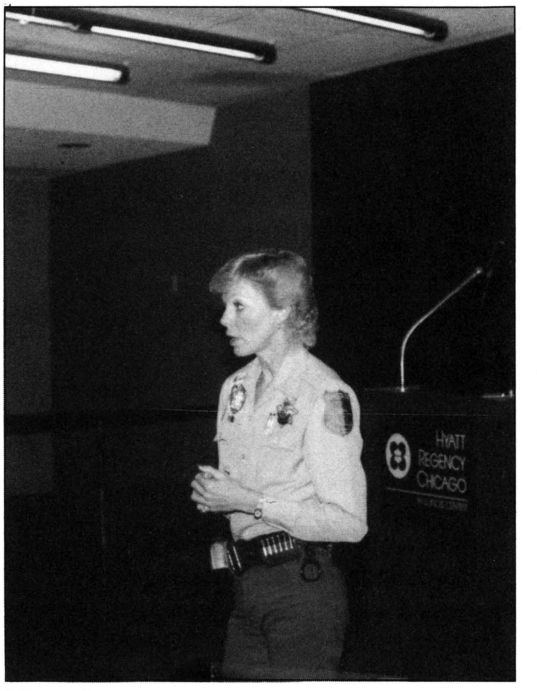
Featuring top name experts in all facets of the industry, seminars drew heavy crowds interested in gathering information on everything from marketing techniques, programming jukeboxes and computerizing your business. As a late addition to the seminar schedule, a Video Lottery Up-date was offered to a standing room only crowd.

AMOA, in continuation with year-round education courses, will once again be sponsoring the Notre Dame Executive Development Sessions. Registration for course I have already begun and if you have not received your Executive Development application, contact AMOA, at: 2000 Spring Rd., Suite 220, Oak Brook, IL 60521, or call (312) 654-2662.■

Frank "The Crank" Seninsky (left) and Ed Ranalli from Alpha-Omega Amusements, Edison, NJ., demonstrate to a standing room only crowd, that a few spare parts and a soldering iron provide short cuts to on-site machine repairs.



Right: Gayle Smith of the Davis County Sheriff's Office in Utah, presents her expertise on crime prevention during a security seminar for personnel and family.



Left: Dorothy Collins, Executive Director of the Mid-America Economic Development Council, conducts a needs assessment for participants interested in computerizing their businesses.

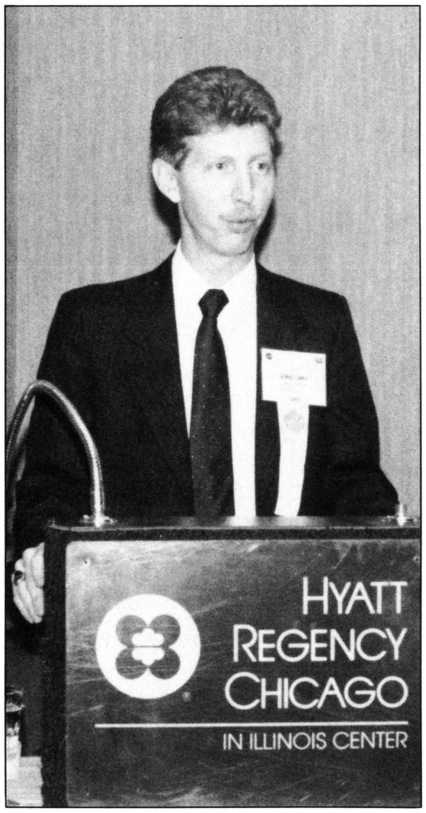
(l-r), Bob Schule of Wexler, Reynolds, Harrison & Schule; Will Ris of Wexler, Reynolds, Harrison & Schule; Robert Schuckman of Jenner & Block; Ralph Oman, Chief Counsel on the Subcommittee on Patents, Copyrights & Trademarks; and Dan Fuchs, Aide to Senator Zorinsky, head an informative jukebox industry legislative update on current jukebox issues.

Operators Get Insights Into Making The Jukebox Licensing Procedures Easier

Expo '84 brought with it a new opportunity for operators and the industry to better understand the compulsory licensing procedures for jukeboxes and the concept of copyright in general. In back-to-back sessions, on the last day of the education seminars, Walter D. Sampson, Chief of the Licensing Division, Library of Congress and George Lanier, Public Affairs Specialist, conducted a multi-media presentation and question and answer period.

The primary objective of the seminar was to explain how jukebox compulsory licensing fits into the overall copyright compulsory licensing system administered by the Division. The section of the Law dealing with public performance of music on jukeboxes is only one of four section of the Copyright Act of 1976. The other sections deal with: 1) retransmission of broadcast signals by cable television systems; 2)the making and distribution of phonorecords, and; 3)the use of certain works in connection with noncommercial broadcasting. By explaining the total system, both speakers helped the audience realize that operators are not being singled out to pay royalities for public performance of copyrighted material.

Another objective was to let the jukebox operator know that **the Licensing Division does support the concepts and principles of copyright but does not have responsibility under the law for enforcing the compulsory licensing sections. Any enforcement comes from copyright owners and/or groups representing the owners, such as ASCAP and BMI.** The Licensing Division works **with** the jukebox operator in compliance procedures but also works **with** the performing rights groups by searching the files—at the groups' request—to determine if particular individuals have followed licensing requirements.



George Lanier, of the Licensing Division of the Copyright office, Washington, D.C. conducts a seminar designed to take the complications out of the yearly jukebox copyright fee.

Although Mr. Lanier did not enjoy being "the bearer of bad news", he informed the operators in attendance that the royalty rate (which is currently $50.00 annually) may increase in 1987. This is due to an inflation factor included in the Copyright Royalty Tribunal's 1982 rate adjustment decision. The Tribunal will look at the Consumer Price Index (CPI) in August 1986 and adjust the royalty rate accordingly. The adjusted rate would become effective January 1, 1987.

The media presentation used in the seminar explained the compulsory licensing system—the basis for its existence, the filing procedures and requirements, and the effects of not obtaining a compulsory license. It was emphasized that the jukebox operator does have a copyright liability that he must meet and the compulsory license is one way of doing this—but the 'compulsory' refers to the copyright owner **having** to give his or her "permission" as long as the jukebox operator meets all requirements outlined under the system.

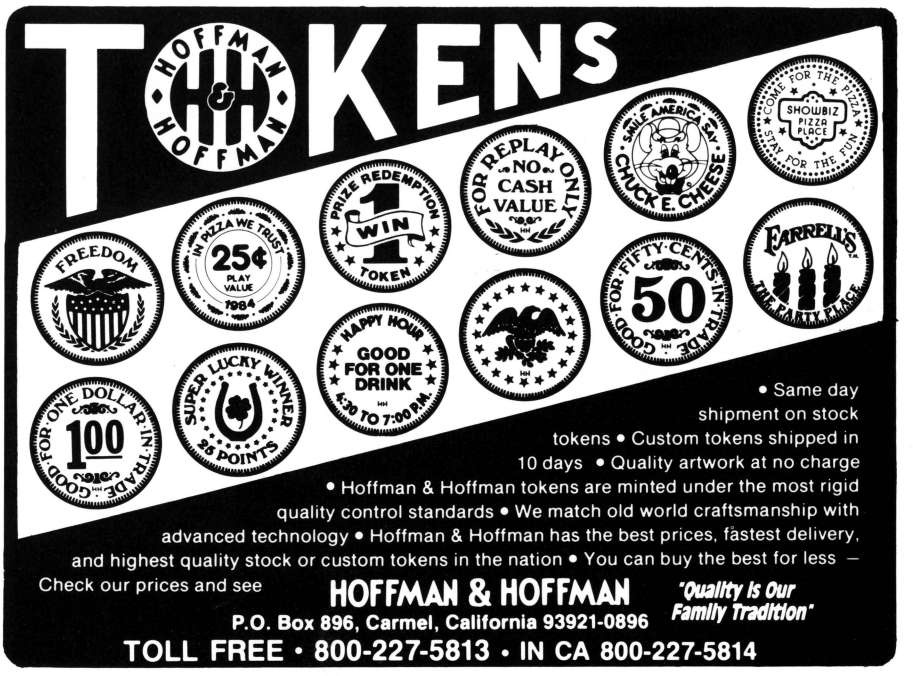
Education Program on Jukebox Licensing Offered to State Associations

In an effort to foster the understanding of the compulsory licensing system, the Licensing Division of the Copyright Office has commissioned the production of a Media Presentation. The presentation explains the compulsory licensing provisions of the Copyright Act and the Division's role in administering these sections.

The Licensing Division staff would welcome the opportunity to participate in seminars or meetings held by your association if you feel that the presentation would be beneficial to your members. Please submit your request for the presentation at least six weeks prior to your meeting to allow time for approval and scheduling. There is no charge for this service. However, since travel funds are limited the requestor is asked to defray expenses.

For further information concerning the Media Presentation and our availability to participate, please contact George Lanier, Public Affairs Specialist, at (202) 287-8150.■

In our 35th Annual AMOA Exposition 1984 Pocket Brochure one of our exhibitor phone numbers was printed incorrectly. Hoffman & Hoffman's toll free telephone number outside California should have read (800) 227-5813 rather than (800) 625-5813.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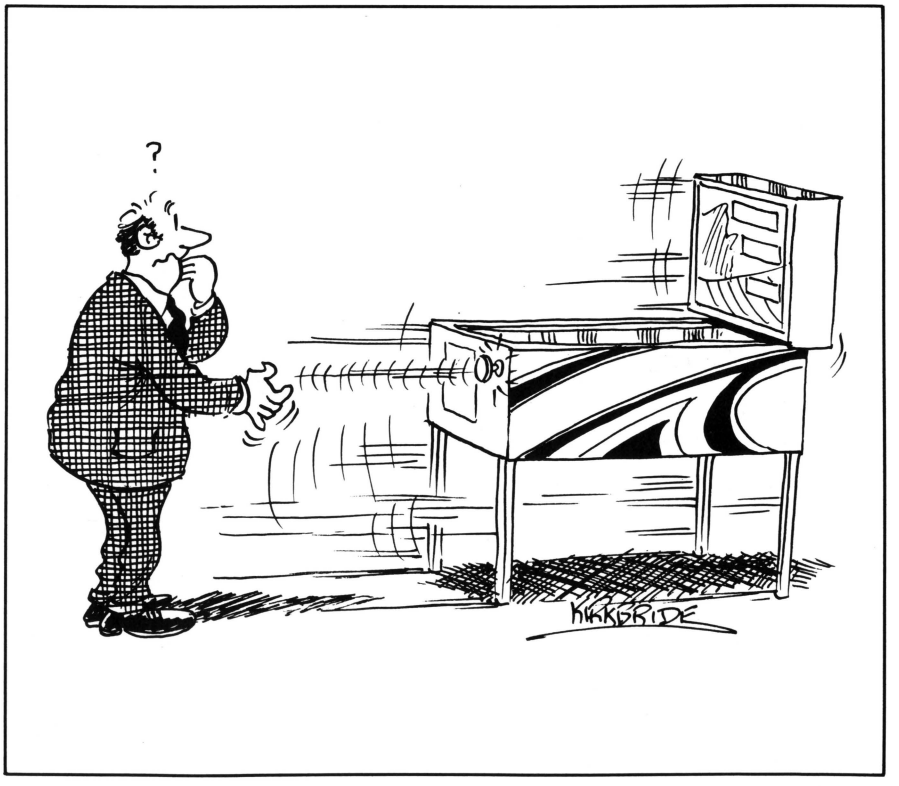


Programming Your Jukebox for Double Revenue

by Tony Urso
Madison Coin Machine
Monona, WI

This Expo seminar, conducted by Russ Strahan, President of Loewen-America, addressed one of the industry's traditional components—the jukebox—but with a few new twists. Some of them new to even the most seasoned operators but all of the useful or thought provoking, since increasing jukebox revenue is more than changing just the programming. (Editor)

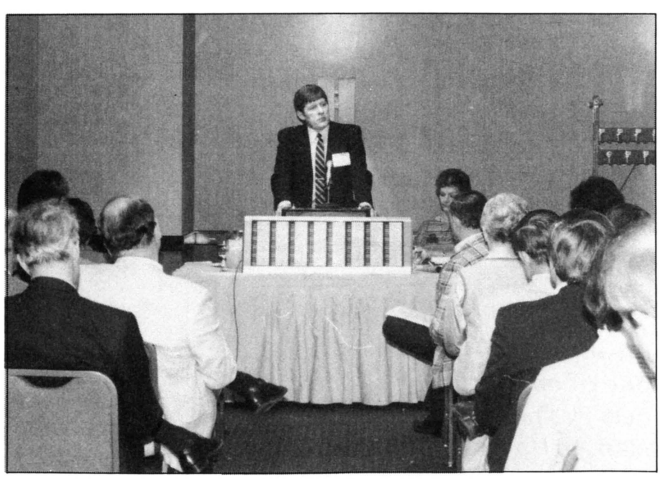
Programming a jukebox consists of more than just record selection. We must also consider the following four factors:

(1) Appearance of equipment—this includes cleanliness, maintenance of light bulbs, and color of title strips (consistant color themes).
(2) Aesthetics of the jukebox on location—does the jukebox fit the motif of the location?
(3) Placement of jukebox on location—does it fill a void, or is it placed in a central location to implement its maximum utility and stress balanced sound?
(4) Records on the jukebox—Selection **is** important once you have the customer at the jukebox. Are there various styles of music and the correct proportion of these styles?

Exhibit A expands on the programming aspect of the jukebox. As we can see it was suggested to use "horizontal" programming. "Horizontal" programming accomplishes several objectives.

(1) Control of music—In order to maintain a balanced look you must maintain the selection mix.
(2) More attractive—Exhibit A presents a balanced look as well as program mix. It must be noted that the color themes for types of music are consistent and no handwritten title strips should appear.
(3) Use of jukebox scanning—Perhaps the most important aspect of this type of programming is its use of the jukebox scan. The jukebox scans from top to bottom when searching for the record selected. Horizontal programming doesn't allow any one group of music to control the jukebox. An example should highlight this:

> Exhibit A shows horizontal programming. If 10 country, 10 oldies and 10 rock were selected the jukebox would naturally "mix" the songs to play 3 country, 2 oldies, 5 rock, then 3 country, 2 oldies, 5 rock, then 3 country, 2 oldies then 1 country and 4 oldies. Under the vertical programming all rock would play, then all country and finally the oldies. The horizontal programming, as shown, mixes the music so then any one group of songs doesn't control the jukebox.



Russ Strahan, President of Loewen—America, discusses programming your jukebox for double revenue.

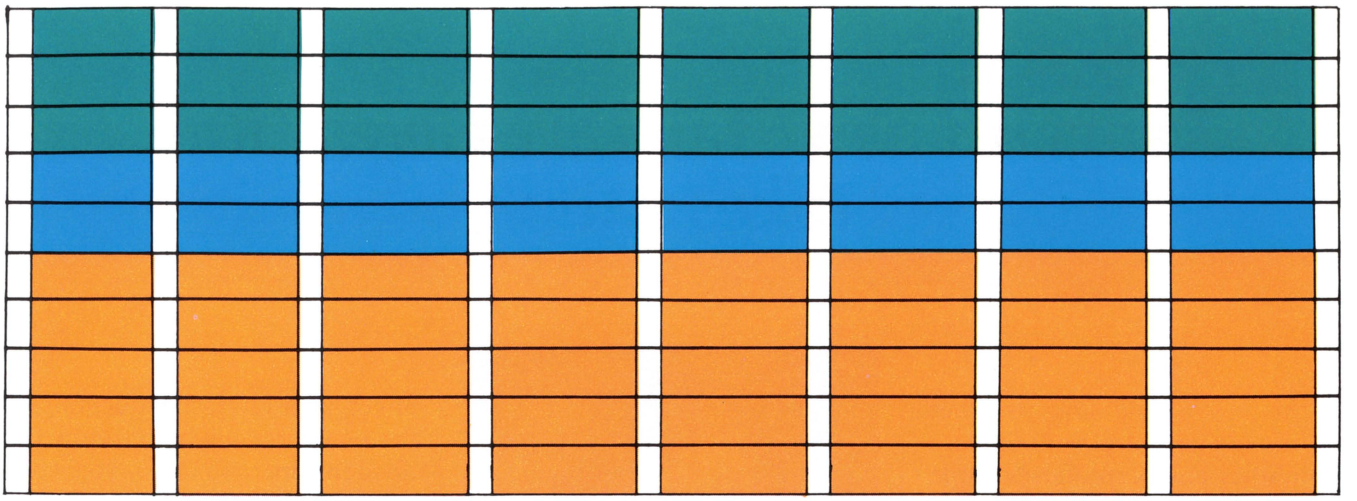


Exhibit A *Oldies* *Country* *Rock*

However, before the jukebox is placed on location we need to consider the appearance and the aesthetics of the box itself. Again, **aesthetically pleasing doesn't necessarily mean new.**

The jukebox must fit the motif of the location. For restaurants use consoles or jukeboxes with smaller amplifiers because the volume of sound is not a concern, for old time saloons use a remake of an old model and for the bar with 18 to 25 year old customers use a new jukebox and a large amplifier because volume is a concern. Consider the appearance of the jukebox at the location and have it blend in. The jukebox must complement the location.

Clean and working jukeboxes, particularly older ones, are extremely important. The jukebox must be clean inside as well as outside. This includes all displays cleaned, repainted when applicable, change record stylus, tubes (if applicable), check motor oils, motor belts, coin acceptors, switch contacts, play meters, coin return checked, and replace lightbulbs promptly.

Dollar bill acceptors are recommended. The dollar bill acceptor benefits are:

(1) Easier to collect—less quarters to count.
(2) Location Change—The location will have to keep less quarters on hand.
(3) Increase Pricing—You can stimulate play by giving a bonus for using a $1 bill.
(4) Alternate Income Source—This is probably the most important feature of the dollar bill acceptors. The dollar bill acceptor becomes the alternate source of income if the coins are jammed.

Once the records, appearance, aesthetics and dollar bill acceptor have been decided upon, it is time for placement of the jukebox on location.

Too many times the jukebox "fills a void". In order to obtain maximum utility and stress balanced sound you must place the jukebox at the proper place within the location. The jukebox must be easily accessible, not buried in a corner. You, the operator, must become the salesman for this concept.

A common sales technique is the income per square foot that a jukebox generates. Example:

(1) Jukebox grosses $50/week and location receives 50% commission ($25/week)
(2) Jukebox occupies 10 square feet (2½' x 4')

The location would receive $1300 (52 weeks x $25/week) per year income from the jukebox. That translates into $130 per square foot. The operator pays in commission as "rent". Mall space goes for $35 square foot as a comparison. To further expand on this let's say the location has 1200 square feet of area—does the location generate $130 x 1200 or $156,000 worth of business per year? "I really believe that its beneficial to move that table so we can maximize the utility of the jukebox."

Correct placement also helps balance sound within a location. If the jukebox is placed correctly the sound system will compliment the jukebox as well as utilize the locations natural accoustics in their fullest.

The location becomes your partner in the promotion as well as the proceeds from the jukebox after the jukebox is on location. Active participation in the promotion of the jukebox from the location is important. This participation may take the form of setting up attract modes, programming input through customer requests, weekly cleaning of exterior of jukebox, and placing of locations money in jukebox during idle periods to help stimulate play.

Programming is just one way to increase and maintain jukebox revenue. The appearance, aesthetics and placement of the jukebox on location are also important. Finally the partnership created between you and the location are crucial to the promotions and marketing of one of the industry's most important pieces of equipment—the jukebox.

Reagan's New Tax Law Gives Little, Takes Much

by James L. Harfield

James L. Harfield, C.P.A., is an audit partner in the accounting firm of Blackman, Kallick & Company, Ltd. His professional practice centers on closely held businesses, including many in the amusement operator industry.

The new tax law is big. It lashes out in many directions to close loopholes and stop abuses. Little in the new law will make you smile. No attempt is made toward simplification. As a result, the already overly complex American tax scheme adds one more layer of obscene complexity. This article gives you an overview of the Act's most important areas.

Before tackling the new law, a warning is in order. This article does not attempt to cover the entire law or all the exceptions and tax traps. Be aware that different areas of the law have different effective dates. Use this article only as a basis for discussion with your own tax advisor.

Interest-Free Loans

I could cry. An old tax friend—interest-free loans—has been beaten beyond recognition and permanently chained to the wall. You can no longer transfer income to a low-bracket family member via "below market interest loans" (interest-free or low-interest loans). The IRS will nail you with the interest income you could have earned if you had invested in certain U.S. Treasury notes.

Below-market loans to employees—whether you are a stockholder or not—did not escape. The corporation will get socked with interest income. An equal amount will be income to the employee, who will get an offsetting interest deduction. The employee's income will be considered compensation or dividends depending on the particular circumstances. If dividends, the corporation will get no deduction. Ouch!

Affecting Business

Dividends-Received Deductions: A corporation that receives dividends on the stock it owns of other domestic corporations can exclude 85% from income. This basic tax-free break, called the "dividends—received deduction" is unchanged by the Act. But the new law eliminates the advantage if you borrow money to finance these dividends-paying stocks. In effect, your interest deductions on the financing will be offset by the dividend income. Also, you must hold the stocks for at least 46 days to be entitled to this deduction benefit.

Real Estate Depreciation: All real estate, except low-income housing, must be depreciated over an 18-year period, up from 15 years.

Time Value of Money: A whole series of technical accounting changes are made by the Act. In general, the concept is easy: The new law takes the attitude that a tax dollar looks better in the IRS tax bank than in your bank. Under the old rules, you could take a deduction as an accrual basis taxpayer when you met the so-called "all events test." Simply, this pleasant old-shoe type rule allowed you to take a deduction in the year in which your liability became fixed, even though your payments were not due until the next year or, better yet, period of years. Sorry, but the show's over. Now you must meet the "economic performance rule." This means you can get your deduction only in the tax year in which the property or services are provided to you. For example, you become contractually obligated to Smart Guys, Inc., to do research for you in 1984. Smart Guys renders its magic advice in 1985. You get your deduction in 1985. **When** you make payment is immaterial.

Property Not Fully Used In Business: This one should really be labeled "let's-get-the-home-com-

puter." You will use certain "listed property" (the IRS will issue the list) more than 50% in your business or you won't. If you don't, you blow the investment credit and the use of ACRS fast depreciation. Then, only the straight-line method is available.

Installment Sales: Under the old rules, income was not reported until the year you collected on installment payment—good sensible tax law. Now there is a tax trap. If you sell any property on the installment basis subject to depreciation recapture (the portion of your profit taxable as ordinary income, instead of capital gain), the trap is sprung. The entire recapture amount is subject to ordinary income tax in the year of sale. The year of installment payment collection just doesn't count—dumb, nonsensical tax law.

Related-Party Transactions: Under the old law, an accrual basis taxpayer (usually a closely held corporation) was disallowed deductions for expenses like salary, rent, and interest paid to a related party (someone who owned more than 50% of the corporation) unless payment actually was made within 2-½ months of the close of the corporation's taxable year.

You'll like the new law. It's simple: The corporation is put on a cash basis for these expenses; it gets the deduction in the year payment is made to the related party. The good news is that you can't blow the deduction with a late payment. The bad news is that you can't accrue the expense in one year and pay it in the next year.

Definition: A "related party" is a person who owns more than 50% of a corporation's outstanding stock (S corporations included) or more than 50% of a partnership's capital interest or profit interest.

Capital Gains: Under the old law, the holding period to qualify for long-term capital gain and loss treatment was "more than one year." Under the new law, the holding period is shortened to "more than six months."

This part of the old law remains: Only 40% of net long-term capital gains is subject to tax; 60% is tax-free. Net long-term capital losses can reduce only ordinary taxable income by $3,000 per year. It still takes $2 of net long-term loss to produce $1 of ordinary deduction. For example, you need $6,000 of losses to get a $3,000 deduction. Also you cannot deduct a loss in excess of taxable income.

Income Averaging: The income averaging base period is shortened from a 4-year to a 3-year period. Also, the averageable income is changed from 120% to 140% of the average base period time.

Medical Expenses: In addition to medical expenses deductible under the old law, you can now take an additional deduction for lodging while away from home.

The deduction is allowed for lodging expenses (but not meals) while away from home as long as care is provided by a physician in a licensed hospital or an equivalent.

These expenses will not qualify, however, if there is any significant portion of personal pleasure, recreation or vacation while away from home. The maximum deduction is limited to $50 per night per individual.

This limit applies to the person being treated and one other individual who accompanies this person. An example would be a sick child accompanied by a parent.

Short Sales: When you borrow stock to cover a short sale, the borrower pays the stock lender cash equal to any dividends paid on the stock during the loan period. The new law provides that such payments are not deductible unless the short sale is held open for at least 46 days (or more than one year in certain circumstances). The disallowed payment is added to the basis of the stock used to close the short sale.

Tax Shelters Hit Hard

Congress nailed the abusive tax shelter coffin even tighter. The Act gives the IRS an impressive array of new tools to detect and crack down HARD on tax shelter promoters. For starters, promoters must register their tax shelter with the IRS before any sale can be offered. For this purpose, a tax shelter is any investment that might give greater than a 2-to-1 write-off in any of the shelters first five tax years. For example, if it looks like your write-off for a $5,000 investment in year one of the deal would be $10,000 or more, your deal is hooked by the new law.

You won't like this, but the promoter must keep a list of customers (maybe a better word would be "suckers") that the IRS can inspect upon request. And, of course, in addition to disallowing your hoped-for tax shelter deduction, there is a series of special additional interest payments and penalties. The message is clear: Steer clear of all tax shelters that are not economically sound . . . if not, pass. If they appear sound, then have a tax expert review the deal for its tax consequences. DO NOT . . . . I repeat . . . . **do not** believe the promoter or salesperson.

One thing the law did not do is attack legitimate tax planning or legitimate tax shelters. Although the new law chipped away at a few taxsaving techniques, most of the old methods still are alive and well.

Would you like to know more about these old methods? Read my special reports: "Your Business . . . . America's Best Tax Shelter" and "Investing in Real Estate . . . . Tax Gold." Send $19 for one or $34 for both to: Blackman, Kallick & Company, Ltd., 180 N. LaSalle St., Chicago, IL 60601. ■

How new Atari System I makes

The next generation conversion system is here!

SYSTEM I is revolutionary. . . feature for feature the most advanced conversion system in the industry.

Its *low cost* is revolutionary too! It's the result of listening to you. Seeing the need for an ultra high performance, highly flexible system that can deliver hit-quality Game Kits every 3 to 4 months. Games designed to give players more value, present fresh ideas to build and sustain a wide player base, not just fill a system library. And do it all at an affordable, very competitive price!

How we do so much for so little.

We've used leading-edge technology to custom-design a powerful, creatively non-restrictive hardware system that allows expandable software for long-term flexibility. It actually has more performance capability than any previous Atari dedicated game hardware! This same technology has also made it possible to pass on significant cost reductions via custom IC design, lower overhead and efficient "no-fat" manufacturing and processing techniques.

SYSTEM I makes the magic happen.

The sensational appeal and game play design of MARBLE MADNESS, and the games that are following, are the result of a mind-boggling array of exclusive technical features. . .

The Base Unit consists of a durable new modular cabinet, a monitor, side-panel graphics and main electronics.

The Game Kit includes a pop-in game board, and attraction graphics. Kits may also include a new control panel with graphics.

SYSTEM I is specifically designed for quick and easy conversion on location including front access to all electronics, for less hassle.

We've trimmed our fat without trimming performance. Shane Breaks demonstrates the new Atari "lean look". . .of the SYSTEM I Base Unit (and for new vice presidents of sales).

A Warner Communications Company

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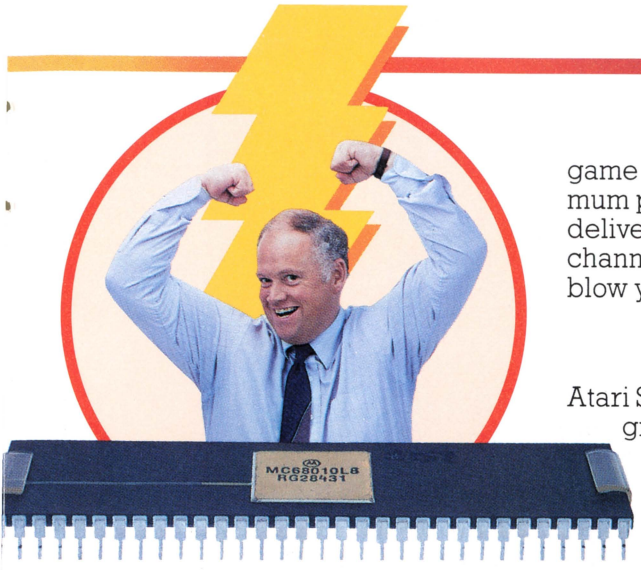
the magic in Marble Madness™!



More powerful hardware.

You're not stuck with "me-too" games because of simple or already obsolete system limitations. State-of-the-art custom-designed hardware specifically designed for the coin-operated games industry means greater software flexibility that allows for more versatile game themes and provides for long-term programming capability.

SYSTEM I hardware features the powerful Motorola 68010 16-bit processor, that delivers eight times the processing speed of other games.

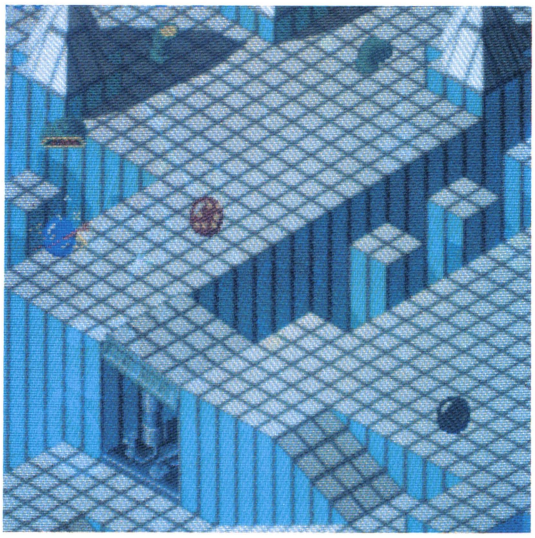
And up to one megabyte of program and playfield graphics memory capability—ten times the capacity of today's typical games!

Exclusive triple sound system.

Three separate audio systems give you sound you'll have to hear to believe. There's a custom chip designed for special effects, an exclusive music synthesis chip capable of full orchestral reproduction, and a special voice chip lets the game talk to players. And for maximum play action effect, all sound is delivered through a 10-watt-per-channel hi-fi stereo amplifier. It'll blow you away.

Unequalled visual capability.

Atari SYSTEM I is startling video graphics, dazzling, sensational color and incredible animation. Our new hardware offers almost limitless versatility in game design. Like scrolling playfield capacity (other conversion systems only have static one-screen-at-a-time capability). We can put 56 motion objects on the screen at one time—over three times what others can do. And up to 256 colors at any time. It's a visual feast you'll be seeing from now on in every SYSTEM I game.



New MARBLE MADNESS. Translating high technology into flat-out fun and profit!

MARBLE MADNESS is a competitive two-player simultaneous marble race over spectacular three-dimensional-like playfields. The objective is simple but very challenging. Use the Trak-Ball (control panel has two Trak-Balls—one for each player) to get your marble across the goal line before your opponent. Single players can play against the computer.

The playfield/raceways scroll along with the player's action. A host of humorous (and dangerous) characters are added along the route, making the races even more challenging . . . ever roll into a hungry marble muncher? Play surfaces change as you roll, adding new hazards and skill maneuvers.

It's non-stop multiple-level action that appeals to all types of players for consistent earnings in any location.

No more boring games.

MARBLE MADNESS is the first of a series—typical of the exciting games in development for Atari SYSTEM I. Get all the details from your Atari distributor right now, or contact us for referral at Atari Games, Inc., 1272 Borregas Avenue, P.O. Box 3618, Sunnyvale, CA 94088.

ATARI GAMES

We're playing your gam

DAVID C. ROCKOLA

From Gumballs To Legends

by Leslie Beyer

PART II

(Editor's Note: In last November's issue of the LOCATION, Mr. Rockola led us through the first portion of his life, beginning from the time he left home at age 12, finding a job as a bellhop then later as a page at two Canadian hotels. Mr. Rockola became interested in mechanics and started taking a correspondence course on the subject, but he soon became involved in starting his own cigar shop. Through his cigar business, Mr. Rockola came across the first experience in the coin-op industry.

The Mills Novelty Company had set him up with a device called a Trade Stimulator, a machine that took a nickel in exchange for a gumball or a brass token, and Mr. Rockola became fascinated with it and the industry. He decided that was the business he wanted to be in.

He set out to learn as much about the coin-machine industry as he could. Working for various companies and never staying in one place too long, Mr. Rockola soon found himself in one of the manufacturing capitals of the United States—Chicago. It was here that he tried his hand at building and operating his own coin-operated gumball machines. When this failed, he took jobs with other manufacturing companies in search of yet still more knowledge of the industry. By 1927, Mr. Rockola was in business for himself, manufacturing personal weighing scales.)

It was 1927 and Mr. Rockola was successfully designing and manufacturing coin-operated weighing scales in his small plant at 69th Street and South Park Avenue in Chicago, and had just completed plans to move to a larger plant at 625 West Jackson Boulevard, where he could double his manufacturing facilities and increase his production of the Futuristic Scale and introduce his new small LoBoy Scale.

Then the Depression hit. Unemployment increased and many wealthy families lost everything. In this era of uncertainty and panic, public needs prevailed. There became a need for new forms of inexpensive entertainment.

The original Rock-Ola Scale Company consisted of one man, his vision and a plan. Mr. Rockola had found the key to simple entertainment. He began to tune his business sense and expand his creativity. He overflowed with ideas. As the company's success with scales rapidly increased, so did Mr. Rockola's vision of a large, efficient, versatile and modernly equipped manufacturing corporation. Additional employees were hired and more space was added to meet manufacturing needs.

At the height of the Depression, when many plants were sitting idle, the Rock-Ola plant with 38,000 square feet of space, was humming with activity. Searching, designing and experimenting, Mr. Rockola devoted himself to giving the public what they wanted and needed—simple, inexpensive entertainment.

He found part of the answer with two pin games—World Series and 1933 Chicago World's Fair Jigsaw. With Jigsaw, when a player scored a shot, part of a picture fell into position. The challenge was to complete the picture with as few shots as possible. World Series had hitters running bases, and scoring runs until three outs were made. The action was provided by a revolving diamond that advanced the runners on a hit, walk, and homerun. Customers waited in line to play World Series and operator demand for the game exceeded Rock-Ola's supply for more than eight months. The popularity of these games secured the Rock-Ola name in the entertainment industry. A new, bigger plant was now a necessity. Not only was the new plant needed to handle production of pin games, but it was needed for manufacturing a new product that was taking America by storm—it was the jukebox and Mr. Rockola was very interested in it.

"In the pin game business I decided to invent the best machines in the World. It took so much of my time, that I figured I would run out of ideas. At the time there was a lot of talk about coin-operated phonographs and I was very interested in them. In all my life I never saw a musical instrument like a jukebox. All I know is this, long before World Series was ever made, I was interested in any business I thought was substantial. I was excited about the jukebox because it was just the business I wanted to go into. I had listened to the new home Model-Victrola at that time. The music was out this world. I knew the jukebox was a machine

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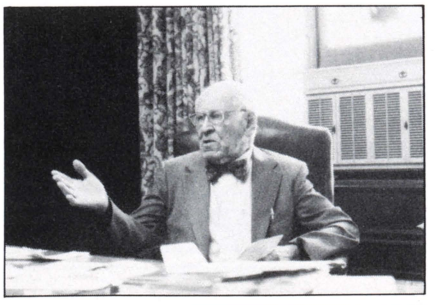
"In all my life I never saw a musical instrument like a jukebox."



"People told me I was a fool, that I would go broke."

"Keep it simple."

"We're always going to try and strive to make the best machine in the market, that will be as trouble free as possible for the operator."

I could make," said Mr. Rockola.

In 1932, the company name was changed to the Rock-Ola Manufacturing Corporation and Mr. Rockola began to look for his new plant. In the meantime, he concentrated his ideas on designing a jukebox. As with every Rock-Ola product and idea, the foundation was "keep it simple". Mr. Rockola believed the fewer parts put in, the less that can go wrong with the machine. He knew from his many years as an operator, that profit went hand-in-hand with machine reliability.

Mr. Rockola started the search for an inventor and before long, he located a man named Paul Smythe who had some jukebox patent applications. Together the two men began working on and putting together ideas for manufacturing the first Rock-Ola jukebox.

In 1934, the Rock-Ola Manufacturing Corporation moved to its present location at 800 North Kedzie Avenue, in Chicago, to continue production of pin games and to begin manufacturing jukeboxes. The new plant consisted of 600,000 square feet covering 3½ city blocks. He had ten times the space he needed, but Mr. Rockola thought in a big way and he had plans.

"At the other plant, I had about 38,000 square feet. So, when I moved here, I needed maybe 100,000 square feet. That's what I needed, that's about what I used. People told me I was a fool, that I would go broke. But the whole difference was, that I rented out as much space as I could. I knew I wouldn't go broke," said Mr. Rockola.

It was late in 1934, that Mr. Rockola introduced the first Rock-Ola Automatic Phonograph at the annual convention at the Palmer House in Chicago. It was the result of countless hours of producing a quiet, foolproof record-playing mechanism. The work paid off and Rock-Ola's first automatic phonograph, the Multi-Selector, won operator acceptance.

Word quickly spread among operators that the new Rock-Ola jukebox could be relied on to keep running. Within a matter of months from entering the industry, Rock-Ola became one of the leading manufacturers of coin-operated phonographs.

With his successful entrance into the jukebox industry well underway, Mr. Rockola began to fully utilize his enormous plant. He branched out into the production of radio cabinets, voice recorders, motor scooters, bowling games and parking meters, but suddenly World War II halted production of all Rock-Ola peace time manufacturing. To aid in the war effort, 3,200 employees worked three shifts around the clock, to produce carbines, aircraft engine parts and ammunition containers. Peak production for carbine rifles reached in excess of 2,500 completed rifles every 24 hours. The complete gun was assembled, tested and packed in the Rock-Ola plant.

Following W.W. II, the Rock-Ola plant was retooled for a post-war manufacturing program and within two months it was in full production, and had re-established its leadership in the coin-op industry.

In 1947, Rock-Ola entered an entirely new field aside from its jukebox production. It was the manufacturing of table model shuffleboards. Within a year, shuffleboards rose from a small business to a giant industry with Rock-Ola emerging as the leader over twenty other established manufacturers.

With the move into shuffleboards, Rock-Ola also expanded into the coin-vending field. Over the years Rock-Ola has marketed machines for coffee, cigarettes, milk and ice cream. But perhaps Rock-Ola's most successful venture in the vending industry, is its can vendors. The Rock-Ola can vendor is considered one of the best in the industry, with the company being one of the major suppliers of can vending machines.

Over 50 years after the first Rock-Ola pin game and jukebox

came off the production line, David C. Rockola still directs company activities. From the knowledge we have of Mr. Rockola, we have seen that he has tried to foresee the trend of public taste in amusement machines and each new machine that he has produced was and is planned over many months to suit the amusement minded public and the business conscience operator, putting the Rock-Ola name down in history as an organization of pioneers and originators.

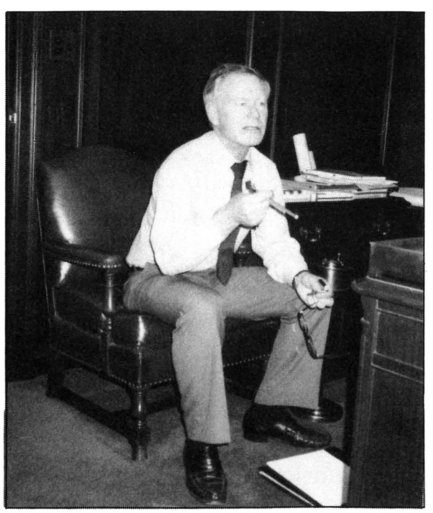
"I think we've built up a very good reputation. I myself, hear indirectly about Rock-Ola. When they talk to me about the Rock-Ola, I wonder who they are talking about. Then I think, oh, they're talking about me. So, I'll say one thing, we must have built up a very good reputation, because a lot of people know us well. I try to keep my reputation the best I can. We're always going to try and strive to make the best machine in the market, that will be as trouble free as possible for the operator. I was an operator for many years and I know that if I got a machine that was satisfactory and kept working, then that's the machine I wanted to stay with," said Mr. Rockola.

David C. Rockola today is guiding his company with the same vision and showmanship that has made the Rock-Ola Manufacturing Corporation an outstanding leader in past years. Mr. Rockola has clearly reflected the progressive spirit that has pointed the way to firmly planted success through cooperation, farsighted management and ideas, ultimately turning his vision into a reality.■

"I think we've built up a very good reputation."

(Editor's Note: During one of the extensive conversations that Leslie Beyer and I had with David C. Rockola, we were afforded the chance to talk to both Mr. Rockola and his son Donald Rockola, the President of the Rock-Ola Manufacturing Corp.

Donald Rockola is one of those rare individuals who combine a quiet charm with a honed mental precision to produce a clarity of comment that is a true pleasure to listen to. The following is the result of Donald Rockola's willingness to share his thoughts with us.)



Donald Rockola

Q. Do you look at your business any differently than your father?

A. "I doubt if I look at the business too much differently than the way my father does. It's an opportunity. Like any other business opportunity, if you like that particular business and you feel capable in that business, you try to capitalize on it. You try to produce a product that will be useful to people and in doing so, you will probably be rewarded for it. I think that's the way he looks at it too."

Q. I think that's become evident to us. He moved his energies, activities, and finances to those areas that he thought would be productive. As they seemed to taper off, he looked for new ones.

A. "Yes. He was always looking for something new because in that particular time, the early 30's, the games business was a very difficult business and the country was in a depression. You had to keep producing a new game every 4 or 5 months and it had to be a real winner. He had to energetically keep looking for new products to stay in business."

Q. Do you think your father is surprised to find that people outside of his own family, the Rock-Ola family, employees, distributors, etc. . . ., are so interested in him?

A. "Well, while you're building a business, you never think in terms of becoming an originator or founder. Now, at this stage of the game, he does seem a little bit surprised because he never really thought of himself in those terms. He certainly did think of other people in those terms, like Jennings and Mills, back in the old days. He thought of those men in that way, because they were running established businesses which had long histories. He never thought of himself in that way until now. There are not many people are left from the times when he was struggling and starting out in business. So, now it's natural for people to few him as being rather unusual—a man that went

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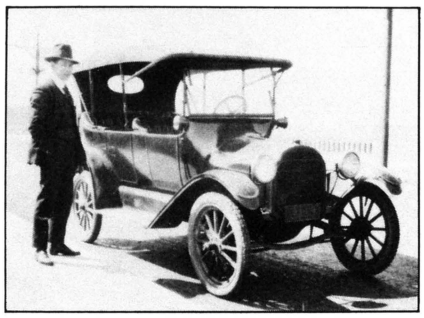
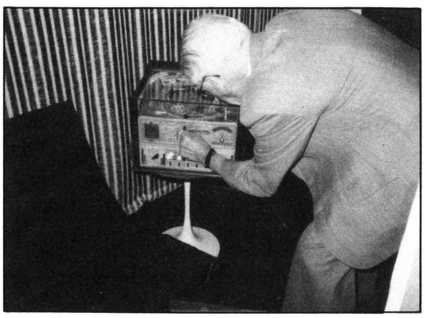


David C. Rockola, next to a 1914 EMF Automobile.

Model 1426



Mr. Rockola displays one of his earlier sweepstakes machines.

Rockola

(Continued from page 21)

through those golden years and is still alive. There aren't many left!"

Q. What have you learned from your father?

A. "He taught me that you don't leave things to chance. In a machine or in business, things happen because they are made to happen. My father is a very strong willed individual. He will make things happen around him because he wishes them to happen. He's persistent and he will stick to it until he does it. So, this persistence, this will to make up your mind to do something and then go do it, is not a thing of chance. You must take advantage of opportunities, but fundamentally you must make things happen by setting up the circumstances so that they will happen."

Q. What personally you have found most rewarding in this industry?

A. "I suppose achieving something that you set out to do. Failing, obviously failing at anything is no fun whatsoever, but I think to achieve something that you set out to do and have it happen is most rewarding."

Q. Is there a failure that you had, that you think should have worked?

A. "Sure, everyone that tries to accomplish something has a lot of failures. Generally, things fail because they weren't thought out well enough, they were not properly planned to reach the desired goal."

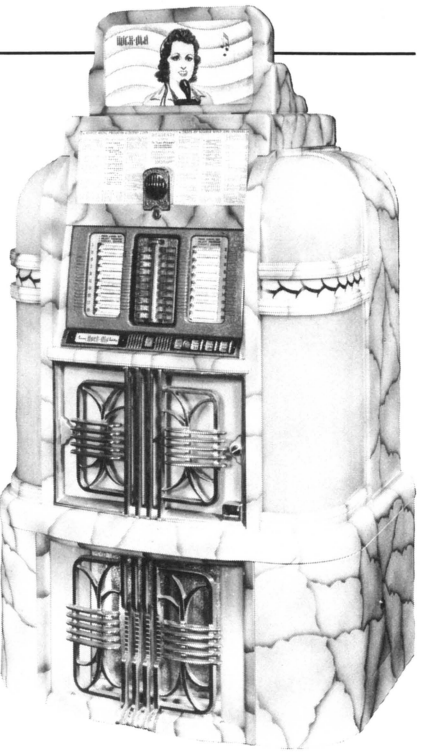
Q. What do you see for Rock-Ola Manufacturing Corporation in the future?

A. "I think at the moment, none of us has really has the luxury of being able to look very far out. This business is relatively fast moving and you are adjusting all the time. Rarely, I think, do we get a chance to look far down the road. Right now we're operating on the short term. In general, we're committing ourselves to be more efficient, productive and innovative than we have been in the past."

Q. What do you want people to know about your father that will be remembered?

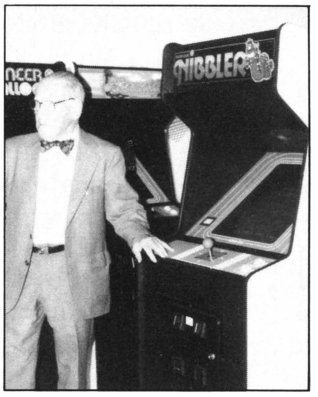
A. "I don't know what people believe about him, but I think one thing about my dad, is that he is truly interested in what he makes. It isn't just making money. Making money is fun and of course, that's the bottom line while you're there, but a lot of times you can do things and not make money and they're still fun. I don't mean to belittle the profit motive, but he is truly interested in what comes out of this factory. I think the whole Rock-Ola family feels that way. What we do here, makes a difference to a lot of people. When we sell a product, we better have done something good for the person that buys that product, or we really haven't met our responsibility. He is highly motivated toward contributing something, of building something, so that in our own way, the world is a little better off, than if we hadn't. Every time something goes amiss in this country, or in our company, my dad will make the comment that, 'There's always got to be a leader around, there's always got to be somebody that can change it. If there isn't a leader around, if there isn't somebody that can change it, then things will go to the dogs.' He believes that. He believes in what he does and what he makes. He feels responsible. So do I."■

SPECIAL FEATURE

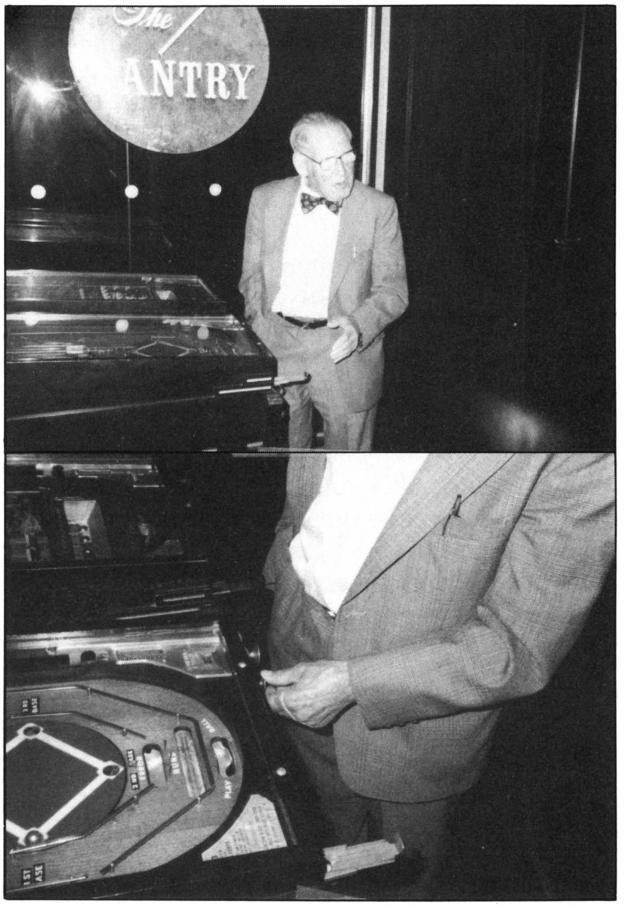


RMC Super Telephone Model, 1940

Right, Mr. Rockola tried his hand at many things, one of which was the videogame industry.



Below, RMC Junior Model, 1940



Mr. Rockola shows off the early 1930's pin-game hit, World Series.

Wisconsin Attorney General Takes Stand On Video Gambling Machines

In the past two years, the office of the Wisconsin Attorney General has received dozens of complaints and inquiries about the legality of video gambling machines.

Previously, the Attorney General's Office had advised that the machines might not be illegal per se, or that successful prosecution might depend upon being able to prove that the machines actually were being used for gambling.

In response to continuing inquiries, and to the apparent proliferation of these machines in Wisconsin, the office of the Wisconsin Attorney General has reviewed the issue again. In light of more recent and more complete information about the machines and how they function and are used, **the Wisconsin Attorney General's Office has concluded that these video gambling machines are illegal. Most of the devices are illegal per se. Others which may not be illegal per se, are illegal under another section of the statutes.**

As background, there are two basic categories of electronic videogames—amusement devices and gambling devices. Amusement devices usually accept a single coin, take some time to play, reward skill and allow a successful player to receive extended playing time or a free game. Gambling devices may accept multiple coins, take only a moment to play, determine the results solely on chance, and may reward the player with points or games which invariably are a stratagem for the payment of monetary rewards.

After researching the issue, and observing the operation and use of these machines, especially in premises licensed under Chapter 125, Stats., **the Wisconsin Attorney General has concluded the video gambling machines are illegal per se and thus constitute contraband subject of seizure pursuant to the provisions of sec. 968.13, stats.**

Additionally, the Wisconsin Attorney General believes that such machines fall within the definition of "gambling machines" as set forth in sec. 945.01(3), which states:

> (3) GAMBLING MACHINE. A gambling machine is a contrivance which for a consideration affords a player the opportunity to obtain something of value, the award of which is determined by chance, even though accompanied by some skill and whether or not the prize is automatically paid by the machine. "Gambling machine" does not include any device used in conducting a bingo occasion or raffle event under ch. 163 or any amusement device if it rewards the player exclusively with one or more nonredeemable free replays for achieving certain scores and does not change the ratio or record the number of the free replays so awarded.

THREE BASIC ELEMENTS

That provision sets forth **three basic elements** which must be met in order for a contrivance to be classified as a gambling machine. **There must be consideration, an opportunity to obtain something of value, and the award of the valued item must be determined primarily by chance.** The video gambling machines, whether they be poker, blackjack, roulette or similar type games, meet these criteria. In order to play them a person must insert one or multiple coins which increase the value of the item received for a winning hand. An item of value is received, in that either a cash payment is made on the premises where the machine is located, which is usually the case, or that skill points redeemable for free games are awarded. A free game is something of value. **State v. Lake Geneva Lanes, Inc.**, 22 Wis. 2d

151, 125 NW 2d 622 (1964). Finally, the results of the game are determined entirely by chance. The necessary eye-hand coordination needed to successfully play legitimate electronic video amusement devices is notable lacking in the playing of this kind of machine.

The above quoted statutory provision does seem to set forth an exception for merely rewarding the player with free games. However, it is a very narrowly drafted exception to the definition of gambling machine and the machines under review do not fit within.

EXCEPTIONS

Prior to 1979, no such exception existed. It was added by virtue of L. 1979, c. 91, sec. 1, eff. Dec. 7, 1979. But merely awarding free games is not enough to bring the machine within the exception. The conjunctive phrasing of the exception requires the awarding of free games and that the machine does not change the ratio or record the number of free plays so awarded. Video gambling machines do at least one of these things—they change the payoff ratio through the insertion of multiple coins or they record the number of free replays on a meter in the machine. In almost every instance where the video gambling machines have been examined, they do both.

The legislative intent is thus quite clear. Gambling machines are illegal per se, unless they fall within that extremely narrow exception to the rule. Video gambling machines do not fall within that exception.

If a video gambling machine does not change the ratio of payoffs or record the number of winners, the Wisconsin Attorney General believes it is still illegal under sec. 945.05, which makes it a Class E felony to manufacture, transfer commercially, or possess with intent to transfer commercially *"any device which he knows is designed exclusively for gambling purposes or anything which he knows is designed exclusively as a subassembly or essential part of such device. This includes without limitation gambling machines, numbers jars, punch boards and roulette wheels . . . ."*

The federal government and numerous states have held in accordance with the advice herein, although the statutes being interpreted vary greatly, with some more general than Wisconsin's and others extremely similar. See **United States v. 137 Draw Poker-Type Machines and 6 Slot Machines,** case #C83-2670 (N.D. Ohio, March 14, 1984); **Mills-Jennings of Ohio V. Dept. of Liquor Control,** 70 Ohio St. 2d 95, 435 N.E. 2d 407 (1982); **Commonwealth of Pennsylvania v. One ElectroSport Draw Poker Machine,** 465 A. 2d 973 (pa. 1983); **Gallatin County v. D & R Music & Vending,** 676 P. 2d 779 (Mont. 1984); Attorney General's Opinion, State of Minnesota, January 18, 1877; Attorney General's Opinion, State of Illinois, June 1982; Attorney General's Opinion, State of New York, September 8, 1981.

Because these contrivances are gambling machines, any building or room within a building which has such a machine and allows it to be played constitutes a *"gambling place"* as defined in sec. 945.01(4)(a) Stats.

The possession of these gambling machines constitute commercial gambling in violation of sec. 945.03 (1) stats. Under that provision it is a Class E felony to permit the operation of a gambling place. Likewise, it is a Class B misdemeanor to play such a machine. (Sec. 945.02, stats.) Finally, the allowance of such machines to be set up on a premise holding a license for the sale of alcoholic beverages constitutes sufficient grounds for revocation of that license. (Sec. 945.041(1), stats.)

Because of the uncertainty and confusion surrounding the legality of the installation and utilization of these machines, the Attorney General of Wisconsin has taken the following position:

> *"Any person or business now in possession of electronic video gambling machines had until September 24, 1984 to return or dispose of such machines. During that time period my office took no action concerning these machines, providing they were not being used. However, now at the end of that grace period, I am requesting that all law enforcement agencies take appropriate action to enforce the state laws regulating these machines. I understand there are some video poker devices in the state which do not fall under the definition of gambling machines. These games accept only a single coin, usually offer several hands for one coin, do not offer free games, points or replays, and contain no mechanism to register the number of points or games won. Unless it can be proven that the machines are being used for gambling, they are legal in Wisconsin."*

This information is that there are relatively few such machines in the state compared with the number which are gambling devices and contain at least one or more of the features listed in this memorandum.■

Pennsylvania Association Elects New Officers and Makes Important Decisions During Its Annual Convention

During its annual convention in Hershey, Pennsylvania, the Pennsylvania Amusement and Music Machine Association (PAMMA) elected its slate of new officers. They are as follows: President-Russ Warner, Warner's Coin Machine, Erie, PA.; First Vice President-William E. Fannasy, National Novelty Company, Harrisburg, PA.; Second Vice President-Steve Melillo, S.D.S. Amusement Co., Brockport, PA.; Treasurer-Jack Houser, Houser Vending, Bellefonte, PA.; Secretary-Randal Romani, Pioneer Amusement Co., Cresson, PA.; Board Chairman-Domenick Salvatore, The Machine Shop, Pittsburgh, PA.

Also during the convention, a new position was adopted by the PAMMA regarding video poker machines:

> WHEREAS, the Pennsylvania Amusement and Music Machine Association was organized to foster the interest of those engaged in the business of operating coin operated amusement devices of a legal nature; and
>
> WHEREAS, current legal status of Video Poker machines has been clouded in Pennsylvania with confusing legal interpretations; and
>
> WHEREAS, almost 400 Pennsylvania coin operators form a vital economic component among our small businessmen and provide jobs and income for thousands of employees and other small businessmen; and
>
> WHEREAS, a strict, new Video Poker Control Act could provide for fair law enforcement and for much needed income to local governments: therefore be it
>
> RESOLVED, that the membership of PAMMA go on record supporting legislation that provides a strong Video Poker Control Law that includes participation by Pennsylvania operators and provides new income for local governments, and that the Board of Directors develop a strategy of action to implement these goals.

Video Lotteries was also a topic of discussion. The most encouraging message of the convention came from Secretary of Revenue; James I. Scheiner, who said flatly that the Pennsylvania Lottery has no plans to move to any kind of an electronic video lottery game. During one of the seminars, Lynn Nelson, Executive Director of the Pennsylvania Lottery, reiterated Secretary Scheiner's position by stating that there are no plans a present to move to a video lottery game. Director Nelson said the Pennsylvania Lottery is the most successful in the world and they will continue along the same line using the Daily number, the twice weekly Lotto and four different paper games for their instant winning promotions. However, there were warnings about the possibility of State-run video lotteries in the future.■

FTA Per Capita Statistics Show Cigarette Consumption Declined in 1983

State tobacco tax collections dropped 0.5 percent in 1983. During the previous nine years, tobacco tax collections had grown between 1.4 and 3.7 percent each year. Total state tobacco tax collections in 1983 were $4,044 million. The decline in revenue was primarily attributable to a drop in cigarette consumption, since 21 states raised their cigarette tax rates during 1982 or 1983.

During 1983, thirteen states increased their cigarette tax rates: Arkansas, Colorado, Connecticut, Kansas, Maine, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, New York, North Dakota, and Vermont. Nine states increased their rates during 1982: Michigan, Missouri, Nebraska, New Jersey, Oregon, Rhode Island, Utah, Washington, and Wisconsin. (In 1984, four states raised cigarette tax rates: Alabama, Arizona, Louisiana, and Texas.) The federal tax on cigarettes was doubled from 8 to 16 cents per pack on January 1, 1983.

The U.S. Department of Agriculture has reported that cigarette consumption in 1983 (including overseas forces) totaled 600 billion, 5.4 percent less than 1982. Per capita consumption (18 years and older) declined to 3,494 cigarettes in 1983, down by 6.7 percent from 3,745 cigarettes in 1982. This is 19.6 percent below the 1963 peak of 4,345. Part of the decrease from 1982 to 1983 may be due to retailers and consumers stocking up in December 1982 in anticipation of January 1, 1983, tax increase.

The Federation of Tax Administrators' annual compilation of per capita state cigarette consumption, which appears on this page, shows that smoking per capita (18 years and older) declined in every state but one, where the increase was less than one percent. Data on per capita cigarette consumption by state are compiled annually by the Federation of Tax Administrators by applying Bureau of the Census estimates of July 1 populations to state cigarette tax data. The table on this page reports data for each of the 49 states and the District of Columbia. Hawaii, which does not separate cigarette taxes from other tobacco product taxes, is excluded.

The median, or middle, per capita consumption was 3,284 in 1983, or 8.1 percent below the median for 1982.

(Continued on page 30)

PER CAPITA CONSUMPTION OF CIGARETTES
For Population 18 Years of Age and Over—1983

State	Per Capita Consumption	% Change from 1982	State	Per Capita Consumption	% Change from 1982
Ala.	3,151	- 6.5	Neb.	2,929	- 8.9
Alas.	4,166	- 9.8	Nev.	3,899	-10.3
Ariz.	3,045	- 5.0	N.H.	6,023	- 7.7
Ark.	3,430	- 4.8	N.J.	3,150	- 6.3
Cal.	2,832	-10.4	N.M.	2,613	- 9.3
Col.	3,284	- 7.5	N.Y.	3,197	- 7.8
Conn	2,965	- 5.2	N.C.	4,403	-10.9
Del.	3,877	- 6.4	N.D.	3,167	-11.9
Fla.	3,198	- 6.8	Ohio	3,469	- 5.5
Ga.	3,466	- 7.7	Okla.	3,635	- 9.7
Ida.	3,073	- 8.7	Ore.	3,256	- 7.5
Ill.	3,431	- 2.3	Pa.	3,113	- 8.7
Ind.	3,805	- 7.9	R.I.	3,462	- 9.4
Ia.	3,079	- 7.3	S.C.	3,592	- 7.0
Kan.	3,283	-12.6	S.D.	3,090	- 2.7
Ky.	5,319	-10.2	Tenn.	3,398	0.9
La.	3,615	- 7.3	Tex.	3,362	- 9.4
Me.	3,111	-17.4	Utah	2,138	- 8.0
Md.	3,311	- 8.5	Vt.	3,813	- 7.5
Mass.	3,021	- 8.4	Va.	3,691	-10.2
Mich.	3,540	- 5.6	Wash	2,656	- 9.7
Minn	3,056	- 5.5	W.V.	3,032	- 8.8
Miss.	3,421	- 6.5	Wis.	2,854	- 7.9
Mo.	3,510	- 8.2	Wyo.	3,653	-15.3
Mt.	3,197	- 3.9	D.C.	3,051	-12.4
			Med.	3,284	- 8.1

a/ Excludes Hawaii; see text

(Compiled by FTA.)

Japan Establishes Audiovisual Copyright

As reported in Japan's Game Machine Magazine, on September 28, the Tokyo District Court delivered a judgement that damages be paid to Namco, owner of copyright, on the ground that videogame "Pac-Man" be recognized as "audiovisual works such as motion pictures" as stipulated in the Copyright Law, and the operator who operated its unauthorized copies "violated the right of cinematographic representation" of the owner. This was Japan's first judgement that not merely recognized videogames as audiovisual work, but also recognized the illegality of operation of unauthorized copies, giving a powerful impetus to the unauthorized copies elimination campaign.

Concerning legal protection of videogames against unauthorized copies, a judgement based on the Unfair Competition Prevention Laws was passed in September 1982 by the Tokyo District Court, followed by a similar judgement passed in March 1983 by the Osaka District Court. Additionally, in December 1982, a judgement was passed by the Tokyo District Court based on the Copyright Law, followed by a similar judgement in March 1983 by the Yokohama District Court, and that in January 1984 by the Osaka District Court. In all cases based on the Copyright Law, computer programs in videogames have been recognized as "works" as "works to be protected under the Copyright Law". These judgements caused calling to criminal responsibilities those who manufacture unauthorized copies by putting the same computer program into ROM, or sell such copies. (Against those concerned with Falcon and Dream who were arrested in January and February, 1983, a case was brought and has been on trial since May, 1983).

However, the conventional judgements, have remained indefinite concerning manufacturing of unauthorized copies of virtually same videogames by incorporating different programs, and operation of unauthorized copies to earn a profit. The current judgement offers definite answers to those questions. That is, if the audiovisual effect as a video game is the same, such game is recognized as a copy product, and operation of an unauthorized copy videogame violates the right of cinematographic presentation of the copyright's owner. Thus, the current judgement recognized these deeds to be illegal.

On July 21, 1981, on the ground of operation unauthorized copies of Namco's videogame "PacMan," Namco Ltd. of Tokyo brought a case before the Tokyo District Court, again Suishin Group which is operating the coffee shop "Miami" chain, demanding payment of damages. Namco alleged that the videogame "Pac-Man" is "audiovisual works" and the defendant Suishin Group violated the "right of cinematographic presentation" owned by the plaintiff Namco by operating the unauthorized copy product.

In the Japanese Copyright Law, "movies" are listed as literary works, and "literary works of movies" are mentioned expressly in the text. Additionally, there are the following descriptions. "Works of movies as referred to in this law shall include works which are expressed in such a manner that visual or audiovisual effects similar to those produced by movies are produced, and which are fixed on a thing". The law recognizes the special "right of cinematographic representation" and the right of distribution" for movies alone. The right of cinematographic representation is the right to publicly represent the works of movie cinematographically, and according to the descriptions, cinematographic representation is to project them on the screen, video display unit, etc.■

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☐ **0401**
PINBALL MERCHANDISING: AN ALTERNATIVE
This seminar will give you the insight needed to tap the market potential of an old standby that is building a new audience. The moderator of this seminar is Tom Nieman, Bally-Midway Mfg., Franklin Park, IL. The panel will consist of Bernie Powers, Bally's Aladdin's Castle, Chicago, IL; Sharon Harris, Stan Harris & Co., Inc., Philadelphia, PA; Joe Kaminkow, Williams Electronics, Chicago, IL; Jack Hubka, Bally-Midway Mfg., Franklin Park, IL.

☐ **0402**
FUN CENTERS: A QUEST FOR IDENTITY AND STYLE
An industry session drawing together some of the best in the business to directly address the planning scope and need for imprinting a distinct identity on your current or planned Fun Center. 'Murph' Gordon from Aladdin's Castle, Chicago; Tom McAuliffe of Time Out, Fairfax, VA; David R. Brown, President of Bullwinkle in Santa Clara, CA; and Tony Urso of Madison Coin Machine Company, Monona, WI panel this program.

☐ **0403**
BENEFITS
When was the last time you understood your or your employees' benefits package? When was the last time you explored alternatives? Time consuming wasn't it! To help you and your employees understand the alternatives, this tape presents Russ Stewart, President of Benefit Consultants, Inc., Indianapolis, IN, who reviews the alternatives for you—including a few you may never have thought of.

☐ **0404**
ARE YOU PAYING THE IRS TOO MUCH?
This program examines ways to reduce your tax burden by using the rules as set forth by the IRS to your advantage. It is not too late to plan for 1984 or too early to think about 1985. Conducted by tax authority James L. Harfield, of Blackman, Kallick & Company, Ltd.

☐ **0405**
STRATEGIC PLANNING FOR THE 80's
History proves that the operator who plans ahead stays ahead. This operator panel identifies many of the crucial factors in strategic planning that every operator must consider now. Vincent Storino, S & S Amusements Company, Toms River, NJ, moderates a panel made up of Ralph Trotta, City Amusement Company, Fairlawn, NJ, Don Abrams, Eskin Vending, Oldbridge, NJ, and Victor Scola, Arco Amusements, Ocean City, NJ.

☐ **0406**
THE HOW TO OF A POOL LEAGUE
This tape by Chuck Milhem, President of Valley Company and Gary Benson from D & R Novelty, Inc., Rochester, MN should help pave the way to your successful pool league.

☐ **0407**
LASER-DISCS: FRONT & CENTER/OVERVIEW OF OPTICAL VIDEO-DISC TECHNOLOGY—A SERVICE PERSPECTIVE
John Browne of Pioneer Inc., presents a program designed to give operators, distributors and technicians some understanding of the theories behind the new technologies of CED & Laser systems.

☐ **0408**
***ARE YOU COMPUTERIZING FOR THE RIGHT REASONS?**
Industry Computer expert, Manley Lawson, Lawson Music Company, Inc., moderates this panel. No matter where you are on the "Computerize or not to Computerize" question, this discussion is geared to resolve problems and to help you make the decision that is right for you. Joining Mr. Lawson will be Ted Furkin of Allstar Music and Paul Borchardt of Borchardt Coin Machine.

☐ **0409**
STATE ASSOCIATION MEETING
Moderated by Russell Mawdsley, Russell-Hall, Inc., Massachusetts, this is a block buster presentation by the AMOA State Association Committee. The first hour is packed with presentations on:
(a) "APPRENTICESHIP EDUCATION PROGRAMS" by Joe Phillips, Executive Director of the Wisconsin Amusement and Music Operators.
(b) "HOW TO GET THE MAXIMUM OUT OF YOUR STATE CONVENTION" by Robert S. Rhinehart, Executive Director, Florida Amusement Vending Association.
(c) "FUNDING YOUR STATE ASSOCIATION BEYOND MEMBERSHIP DUES OR ASSESSMENTS", presented by Jack Kerner of Melo-Tone Vending, Somerville, MA.

☐ **0410**
PROTECT YOURSELF; PROTECT YOUR BUSINESS: THE ADVANTAGE OF CONTRACTS
Dr. Richard Hunter of Notre Dame University reviews the "whys" and "wherefores" of industry contracts.

☐ **0501**
GRASS ROOTS LOBBYING AT THE STATE & LOCAL LEVEL

✓

☐ **0502**
POOL AND DART LEAGUES = THE CUE TO RIGHT ON TARGET PROFITS
The experts are making leagues work and they have joined the Expo '84' education session to share their "How-to" with you. Gary Nelson, Jim Stansfield Vending, LaCrosse, WI, lays out the format of league development in good common sense language while Tami Norberg-Paulson of C & N Sales, Mankato, MN tells you how to get women interested in Pool and Darts.

☐ **0503**
PROGRAMMING YOUR JUKEBOX FOR DOUBLE REVENUE
Double your jukebox revenue? Yes, it's possible and if anyone can tell you how to do it, it is Rus Strahan, President of Lowen-America, presenter of this program and special guest of the AMOA Education Committee.

☐ **0504**
HOW TO RE-MARKET YOUR SECOND & THIRD RANKED EQUIPMENT FOR FIRST RANK PROFITS
Todd Erickson of Summit Amusements, St. Paul, MN has to be one of the most innovative and creative business talents in the coin-op industry and he shares the results of that talent in this featured program that reveals how to make that second-line equipment earn more.

☐ **0505**
MERCHANDISING MERCHADISE EQUIPMENT
This "How-to" session will discuss the operation and promotion of merchandise games. As special guests John F. Vassallo, Jr., Director of the Division of Alcoholic Beverage Control & Commissioner of Amusement Games Control, NJ and William Treger, Bureau Chief of Amusement Games Control, NJ will provide a legal insight to this little understood and much neglected aspect of our business. Michael Redpath, AMOA of NJ, will lend his expertise to round out this presentation.

☐ **0506**
*** HOW TO USE TAXES & ECONOMICS TO MAKE CONVERSION KITS A WINNER**
James L. Harfield, C.P.A. of Blackman, Kallick & Co. takes you right to the heart of the matter and presents the 'Conversion Kit' auditing procedures that produce to your advantage. The last hour of this program includes a Q & A period.

☐ **0507**
CIGARETTE VENDING/MERCHANDISING, SUBSIDIES & CONTROLS
Come and eavesdrop on the experts when Bob Sherrod of R. J. Reynolds discusses merchandising; Jack Gillis of Philip Morris gives the low-down on subsidies for cigarette vendors; and Walker Merryman from T.A.N. brings us up-to-date on the T.A.N. program for operators.

☐ **0508**
A BUSINESS PLAN FOR PROFIT
Presented by Robert J. Baker, Ph.D., the founder of Venture Resources International and Business Owners Consulting Group. Dr. Baker specializes in the problems and opportunities of owner-managed businesses from the development of profit margin and flow improvement tactics to managing your company for personal wealth and continuity.

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Cigarette Consumption

(Continued from page 27)

It should be stressed that the per capita smoking figures derived by applying population estimates to state cigarette tax data are apparent rather than actual in that the state to which the taxes are paid is not necessarily the state in which the tax-paid cigarettes are consumed. To the extent that smokers cross state borders to buy cigarettes tax at a lower rate than that imposed by the state in which they reside, or obtain mail order or bootlegged cigarettes for the same purpose, cigarette consumption indicated by tax collections and actual consumption are not the same.

States that have a large influx of tourists consistently have a per capita consumption well above the average because the actual number of people in the state is higher than Census statistics indicate.

The three states with the highest per capita cigarette consumption in 1983 were New Hampshire, Kentucky, and North Carolina. In North Carolina, which has a 2-cent per pack tax rate (the lowest state tax), per capita consumption was 4,403. In Kentucky, where the tax is 3.1 cents per pack, per capita consumption was 5,319. These per capita figures, which compare with a nationwide median of 3,284 and with sharply lower levels in the states bordering North Carolina and Kentucky, are a further indication that a substantial volume of cigarettes is being transported, in one form or another, to other states where they are consumed. The per capita consumption in New Hampshire reflects the impact of tourism in that state.

North Carolina's per capita consumption has fallen 35.2 percent since 1975, when it was 6,799 cigarettes. Kentucky's per capita consumption is 21.4 percent below its 1975 level of 6,765. ■

RALPH LALLY, PUBLISHER OF PLAY METER MAGAZINE DIES IN LOUISIANA CAR ACCIDENT

"PLAY METER and AOE Will Go On In Memory of Ralph," Vows Carol Lally.

At press time (December 11, 1984), The LOCATION was notified that one of our industry's best known and influential personalities, Ralph Lally, President and Publisher of PLAY METER magazine was killed in an auto accident on December 10, 1984. Mr. Lally was a passenger in a car driven by PLAY METER Advertising Manager, Karen Gray, who suffered minor injuries.

Lally, 38, was instantly killed in the one car accident after leaving the office where he had earlier finished work on the 10th Anniversary Issue of PLAY METER.

Lally's wife, Carol, has indicated that both of Ralph's projects, PLAY METER magazine and the AOE (Amusement Operators Expo, scheduled for March 29-31 in New Orleans) will continue on schedule in memory of Ralph's dedication to this industry.

Private funeral services were held on December 12th. Lally is survived by his wife Carol; two children, Carol Ann and Leslie; his mother, Mildred; sisters, Millie and Pam and a brother, Jack.

Carol Lally has requested that in lieu of flowers, donations be made to:

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Executive Development Program
AMOA—Notre Dame
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1985 Expo
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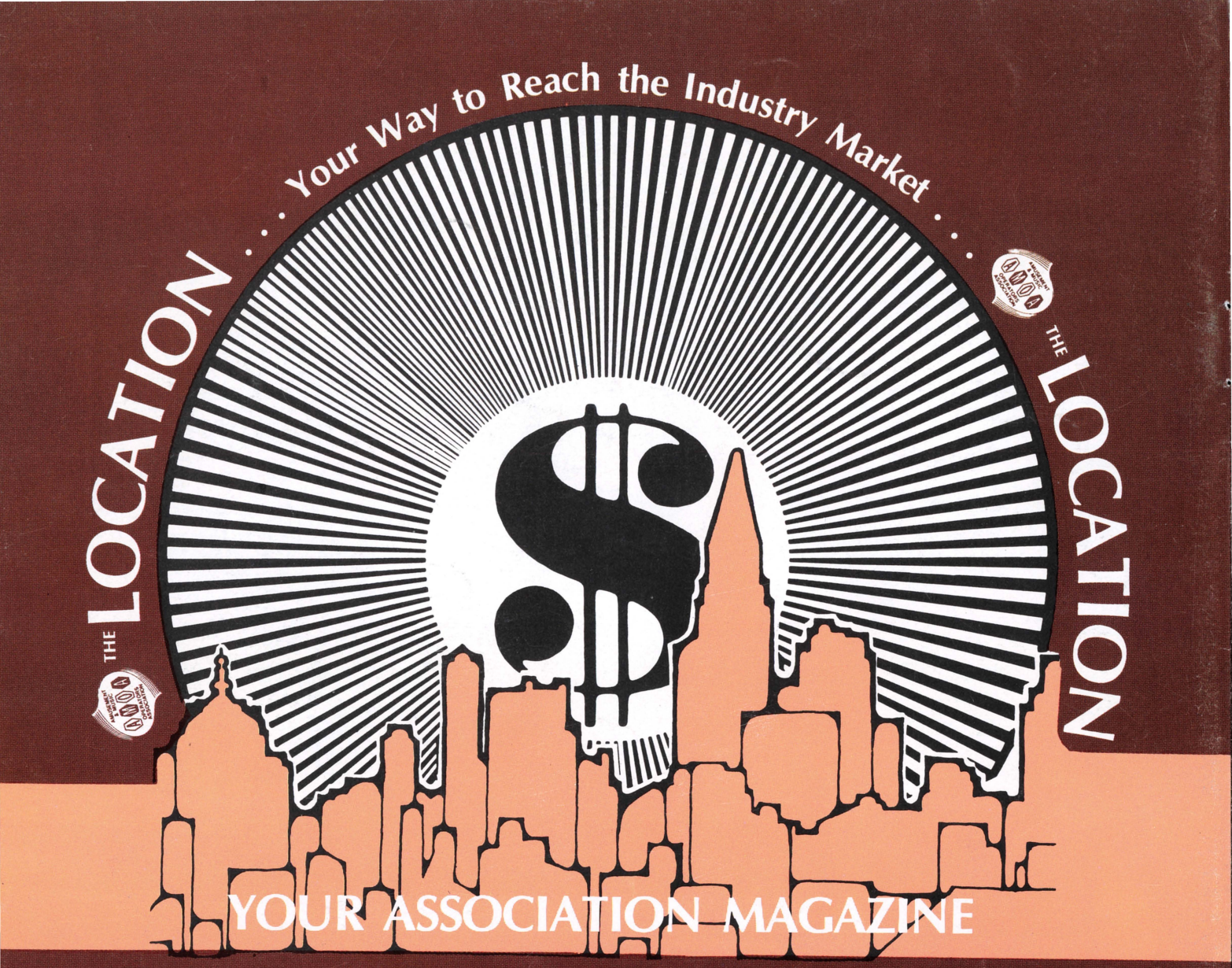

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